

DOCUMENT RESUME

ED 228 946

HE 016 115

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 TITLE Another Look at SSIG.
 SPONS AGENCY National Commission on Student Financial Assistance,
 Washington, DC.
 PUB DATE 1 Mar 83
 NOTE 22p.; For related documents, see ED 179 174 and HE
 016 114.
 PUB TYPE Reports - Evaluative/Feasibility (142)
 EDRS PRICE MF01/PC01 Plus Postage.
 DESCRIPTORS Economic Climate; Educational Finance; *Federal Aid;
 *Federal State Relationship; Financial Problems;
 *Incentive Grants; Postsecondary Education; Public
 Policy; Resource Allocation; *State Aid; *Student
 Financial Aid
 IDENTIFIERS *National Comm on Student Financial Assistance;
 *State Student Incentive Grant Program

ABSTRACT

A 1979 College Board Study of the State Student Incentive Grant (SSIG) program is updated. SSIG had two original purposes: encouraging the creation and the expansion of state student grant programs. By 1979 all states had created programs of need-based grants for undergraduates, but increasing state spending was less successful. In 1980 Congress added a new maintenance of effort requirement to SSIG that might renew the program. The following questions are addressed: (1) What has happened to state expenditures on student grants since 1979? (2) Do any states have federal incentives to increase their funding, given declining appropriations in SSIG? (3) How important is federal funding in maintaining state appropriations in times of economic distress? (4) Have states continued to use all of their SSIG allotments or have some returned portions to the federal government rather than appropriate adequate matching money? (5) Have "overmatched" states kept up their outlays on student grants, even though they could cut back without losing federal funds, or have they cut back on their own efforts? (6) If federal SSIG expenditures were eliminated, how many students might be affected? (7) If SSIG were reduced or abolished, what would the impact be on state grant programs? (SW)

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ED228946

ANOTHER LOOK AT SSIG

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FOR THE

NATIONAL COMMISSION ON STUDENT FINANCIAL ASSISTANCE

March 1, 1983

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SUMMARY

This report updates a 1979 College Board study of the State Student Incentive Grant Program. SSIG had two original purposes: encouraging the creation and the expansion of state student grant programs. By 1979 the first purpose had been met; all states had created programs of need-based grants for undergraduates. SSIG was less successful in inducing increased state spending, in large part because federal expenditures fell short of matching many states' efforts. This conclusion remains true today. In fact, declining federal appropriations threaten to erode SSIG's influence on the expansion of state programs altogether.

In 1980, however, Congress added a new maintenance of effort requirement to SSIG and thus might be said to have given the program a new purpose. In a time of extreme budgetary pressures on state governments, encouraging the continuation of current spending on student grants might be an important new effect of SSIG.

Threats to eliminate the program are worrisome to states, given the fiscal climate. Most state grant directors expect that they would be unable to replace lost federal funds from other sources and that they would have to cut either the number or the size of student awards.

INTRODUCTION

In 1972 Congress added to the Higher Education Act a new program of State Student Incentive Grants for states "to assist them in providing grants to eligible students attending institutions of higher education."¹ As interpreted in Office of Education regulations, SSIG had two purposes: to encourage the creation of state student grant programs and to encourage increased state expenditures on such programs. The original legislation specified that beneficiaries of the SSIG program were to be undergraduates with substantial financial need. The program was a federal-state partnership, with the federal government providing dollar-for-dollar matching to states up to the limit of annual federal appropriations.

In 1979, as background for the pending reauthorization of the Higher Education Act in 1980, Janet Hansen of the College Board prepared an extensive analysis of SSIG.² This study noted that since its creation the program had been characterized by disagreements about its goals, its relation to other federal grant programs, and its success as an incentive to states. The report attempted to assess these three issues and consider options for the program's future.

This 1979 study is summarized in another paper prepared by the College Board for the Commission.³ Its most important conclusions were that after five years of operation:

the SSIG program can be credited with providing over \$200 million in federal funds to assist students with demonstrated financial need to attend postsecondary institutions. It has led to the extension of state grant programs to all

states and to some expansion of state spending. The program has not to date been an effective incentive for most states to expand their grant programs, though such expansion is now its only explicit goal, nor has it contributed significantly to coordination among federal and state grant programs. While some proposals have been put forward to link federal and state efforts in a more systematic way, this objective cannot be realized as long as the various grant programs of both levels of government are characterized by such different designs and purposes.⁴

Four years have passed since those conclusions were reached and many things have changed. The program itself was changed in the 1980 Education Amendments, though in the end only in comparatively minor ways. More significantly, serious economic problems have become a fact of life for the federal government and for most states as well. The days of rapidly rising expenditures on student financial assistance have ended, and federal spending has levelled off or declined, though college costs continue to increase. States find themselves being asked to pick up the slack, but fewer and fewer are in a position to do so.

Under these circumstances, it is worth taking another look at the SSIG program, to see whether changing conditions suggest any different conclusions about it. In particular, this paper will attempt to answer the following questions:

- 0 What has happened to state expenditures on student grants since 1979?
- 0 Do any states have federal incentives to increase their funding, given declining appropriations in SSIG?
- 0 How important is federal funding in maintaining state appropriations in times of economic distress?
- 0 Have states continued to use all of their SSIG allotments or have some returned portions to the federal government rather than appropriate adequate matching money?

- 0 Have "overmatched" states kept up their outlays on student grants, even though they could cut back without losing federal funds, or have they cut back on their own efforts?
- 0 If federal SSIG expenditures were eliminated, how many students might be affected?
- 0 If SSIG were reduced or abolished, what would the impact be on state grant programs?

SSIG AND INCENTIVES FOR INCREASED STATE SPENDING

State spending on student grants has continued to grow in the early 1980's. Though exactly comparable statistics are not available, it appears that need-based grants to undergraduates, which constitute the bulk of state grant efforts, reached \$976 million in 1982-83, compared to just \$274 million in 1971-72 and \$735 million in 1977-78. Nationwide, expenditures on such grants were up 9.6 percent between 1981-82 and 1982-83.⁴ For reasons similar to those cited in the College Board's 1979 report, however, it remains difficult to attribute much of this increase to the presence of federal incentives.

In assessing the effectiveness of SSIG incentives, the 1979 report divided the 50 states and the District of Columbia into "pre-SSIG" and "post-SSIG" groups. (See Table 1.) Pre-SSIG states are those that had student grant programs before the federal government set up an incentive for their creation; they number 28. The remaining 23 states established their state grant programs post-SSIG and at least in part as a response to federal encouragement. Throughout the early years of the SSIG program, the bulk of federal appropriations went to the pre-SSIG states, because of the program's enrollment-based allotment provisions and because pre-SSIG states enroll most

Table 1: Pre- SSIG and Post-SSIG States

Pre-SSIG States

California	Iowa	Missouri	South Carolina
Colorado	Kansas	New Jersey	Tennessee
Connecticut	Maine	New York	Texas
Delaware	Maryland	Ohio	Vermont
Florida	Massachusetts	Oregon	Washington
Illinois	Michigan	Pennsylvania	West Virginia
Indiana	Minnesota	Rhode Island	Wisconsin

Post-SSIG States

Alabama	Georgia	Montana	North Dakota
Alaska	Hawaii	Nebraska	Oklahoma
Arizona	Idaho	Nevada	South Dakota
Arkansas	Kentucky	New Hampshire	Utah
District of Columbia	Louisiana	New Mexico	Virginia
	Mississippi	North Carolina	Wyoming

SOURCE: Janet S. Hansen, The State Student Incentive Grant Program: An Assessment of the Record and Options for the Future (New York: College Entrance Examination Board, 1979), pp. 15 and 16.

of the nation's students. In 1977-78, for example, the pre-SSIG states received 84 percent of all SSIG funds. A similar situation exists today; in 1981-82, pre-SSIG states received about 80 percent of federal allocations.

The significance of this division of federal funds between pre- and post-SSIG states is that funds going to the former have little incentive effect, because of "overmatching." Though SSIG is ostensibly a one-to-one federal-state matching program, the federal share is limited by the amount of annual appropriations. With total state spending near a billion dollars, and with the federal share of these expenditures never exceeding \$77 million, it is obvious that the federal contribution to large state programs is much less than one-to-one. Any state in which federal dollars represent less than 50 percent of the total effort is said to be overmatched.

The 1979 report noted that the pre-SSIG states were all significantly overmatched and could have spent much less than they actually did and still received all of their SSIG allotments each year. Nevertheless, pre-SSIG states had increased their spending on grants enormously between 1971-72 and 1977-78, accounting for \$438 million of the \$461 million increase in all state spending during that period. Clearly, their decisions to expand their programs were influenced by considerations other than the federal incentive program.

It remains true today that the pre-SSIG states, while continuing to receive the bulk of federal appropriations, remain for the most part significantly overmatched. Table 2 shows estimates of federal dollars as a percent of state grants in 1978-79 and 1982-83. With the notable exception of Maine, all the pre-SSIG states still spend considerably more than they receive from Washington. In fact, the percentage of federal funds has actually declined in 14 of these states, suggesting that state spending has grown

Table 2: Federal SSIG Dollars as a Percentage of Total State Student Grants
Estimates for 1978-79 and 1982-83

<u>Pre-SSIG States</u>	<u>1978-79</u>	<u>1982-83</u>
California	14	12
Colorado	8	12
Connecticut	10	11
Delaware	32	23
Florida	21	16
Illinois	4	4
Indiana	6	5
Iowa	5	5
Kansas	16	16
Maine	21	48
Maryland	22	22
Massachusetts	14	13
Michigan	9	9
Minnesota	4	5
Missouri	14	17
New Jersey	5	4
New York	2	2
Ohio	9	9
Oregon	12	10
Pennsylvania	4	4
Rhode Island	10	6
South Carolina	8	6
Tennessee	24	12
Texas	22	10
Vermont	4	3
Washington	27	26
West Virginia	14	13
Wisconsin	6	7

(continued on next page)

Table 2 (Continued)

<u>Post-SSIG States</u>	<u>1978-79</u>	<u>1982-83</u>
Alabama	44	50
Alaska	50	50
Arizona	50	50
Arkansas	50	20
District of Columbia	50	48
Georgia	35	28
Hawaii	50	41
Idaho	50	50
Kentucky	16	14
Louisiana	50	47
Mississippi	50	49
Montana	50	50
Nebraska	50	50
Nevada	50	50
New Hampshire	50	44
New Mexico	50	37
North Carolina	50	38
North Dakota	48	27
Oklahoma	50	11
South Dakota	50	48
Utah	25	50
Virginia	38	38
Wyoming	28	50

SOURCES: National Association of State Scholarship and Grant Programs, 10th Annual Survey and 14th Annual Survey.

faster than federal. Minor changes may be explained by the fact that graduate students became eligible for SSIG in 1980, and so state programs for them began to count in establishing the ratio between federal and state spending. But need-based graduate student grant programs are very small relative to spending on undergraduates, and so changes in the overmatching ratio of more than a few percentage points probably represent real increases in state effort.

Maine is an interesting case, demonstrating that in overmatched states SSIG did not prevent a significant decrease in state effort. (The next section, however, explains how 1980 legislative changes will in the future alter this situation.) Maine's grant program, which had reached nearly \$1.2 billion in 1980-81, has fallen to \$550 million in 1982-83, just enough to qualify for its full share of federal matching. The state grant director reports that both the governor and state legislature are "very negative to the grant program."⁵ In this instance, the SSIG program has acted more as a brake, keeping spending from falling so low that federal matching dollars would be lost, instead of as an incentive to program expansion.

In fact, an erratic record of increases and decreases from year to year in both pre- and post-SSIG states suggests that state decisions about appropriation levels for student grants are more influenced by internal concerns than by the federal program. Table 3, reprinted from the most recent survey of the National Association of State Scholarship and Grant Programs, shows the annual percentage gains or losses in need-based scholarship and grant programs for undergraduates from 1977-78 to 1982-83. Even states like Indiana, which shows a 50 percent increase in grant activity over the 5-year period, have had years when there were decreases in program funds. Colorado, though significantly overmatched, saw its grant program decline by 23 percent over the period.

**Table 3: Annual Percentage Gains or Losses in Total Dollars
For Comprehensive Undergraduate Need-Based Scholarship and Grant Programs,
by State, Grouped by Payout Dollar Volumes
1977-78 to 1982-83**

State	1977 to 1978	1978 to 1979	1979 to 1980	1980 to 1981	1981 to 1982	5 Yr Change
California	0.4%	0.2%	8.5%	1.0%	4.5%	15.1%
Illinois	7.4	4.3	3.0	4.7	6.2	28.3
New York	5.9	8.3	(2.7)	14.2	5.8	34.8
Pennsylvania	(0.7)	8.8	2.3	(2.9)	14.8	23.1
Sub-Total	4.1%	6.3%	0.8%	7.5%	6.9%	28.3%
Indiana	7.4%	31.2%	(16.0%)	(11.5%)	43.1%	49.9%
Michigan	4.0	5.9	(8.9)	2.9	7.9	11.5
Minnesota	23.8	(17.0)	44.0	5.7	10.3	72.8
New Jersey	37.7	13.1	5.9	(8.9)	18.3	77.8
Ohio	9.7	8.4	(2.5)	16.3	6.3	43.2
Texas	(14.6)	26.5	(6.3)	44.0	22.5	78.6
Wisconsin	7.4	(5.2)	(1.1)	(2.7)	10.6	8.4
Sub-Total	12.6%	7.8%	0.9%	2.9%	15.8%	46.0%
Florida	10.8%	7.2%	17.1%	6.7%	14.1%	69.3%
Iowa	17.5	12.2	2.3	0.5	10.6	50.0
Massachusetts	5.9	(11.7)	19.9	4.3	(1.6)	15.1
South Carolina	10.5	11.1	1.3	14.1	2.8	45.7
Sub-Total	10.9%	3.3%	9.8%	5.7%	6.0%	41.1%
Colorado	(3.9%)	3.9%	(34.8%)	14.4%	2.7%	(23.5%)
Connecticut	11.8	(12.0)	7.5	22.3	2.6	32.7
Kentucky	9.2	19.0	32.8	(4.6)	3.7	70.8
Maryland	10.0	12.4	3.4	3.1	(0.6)	31.1
Missouri	2.1	26.0	20.5	(8.9)	(1.5)	39.2
Oklahoma	10.4	22.7	(9.9)	11.0	297.4	438.3
Oregon	65.2	11.4	(6.1)	15.2	10.5	120.0
Rhode Island	18.2	14.7	21.7	28.6	14.9	144.9
Tennessee	23.2	63.0	8.3	(0.6)	14.0	146.6
Vermont	20.5	8.1	17.0	13.5	17.5	103.1
Washington	(5.7)	11.2	3.9	13.4	21.1	49.7
Sub-Total	11.3%	13.0%	3.4%	8.2%	16.9%	64.6%
Alabama	254.8%	10.0%	(33.0%)	(64.6%)	236.7%	211.4%
Arizona	32.9	2.9	(0.2)	39.3	4.9	99.3
Arkansas	49.4	57.2	74.3	(21.7)	39.4	347.0
District of Columbia	6.3	15.6	26.5	41.7	N.C.	28.1
Georgia	13.1	(16.8)	35.1	(2.1)	33.0	65.5
Kansas	N.C.	4.5	10.6	(1.9)	(0.3)	12.5
Louisiana	7.7	28.4	29.0	109.0	N.C.	273.1
Mississippi	N.C.	136.5	(48.3)	1.5	(5.6)	17.2
Nebraska	109.3	25.5	11.4	(6.4)	(5.6)	158.2
New Mexico	1.3	16.8	11.5	N.C.	38.8	83.2
North Carolina	6.4	28.2	5.4	(10.7)	(3.1)	24.4
Puerto Rico	6.2	25.7	N.C.	N.C.	N.C.	33.5
Utah	49.0	(19.1)	N.C.	(22.1)	(6.5)	(12.3)
Virginia	35.5	9.8	3.3	(2.5)	9.5	65.6
West Virginia	8.0	4.0	(18.5)	74.7	(2.4)	55.9
Sub-Total	21.0%	12.8%	0.9%	4.9%	9.9%	59.0%
Alaska	6.4%	60.0%	30.0%	5.4%	(28.9%)	66.0%
American Samoa	1.4	108.1	16.3	N.C.	N.C.	145.0
Delaware	(7.0)	(9.1)	(0.7)	20.1	9.0	9.8
Guam	N.C.	1.7	N.C.	N.C.	N.C.	1.7
Hawaii	66.4	(8.9)	14.2	42.8	(0.1)	146.9
Idaho	13.6	24.0	1.0	(3.1)	(3.0)	33.6
Maine	105.5	24.7	(13.3)	(54.5)	2.4	3.6
Montana	6.4	11.7	(9.9)	10.5	2.6	21.2
Nevada	N.C.	69.2	(1.4)	(47.7)	N.C.	(13.3)
New Hampshire	21.0	16.9	20.0	(6.2)	(2.2)	55.6
North Dakota	(3.5)	51.7	17.9	14.9	7.1	112.3
Northern Marianas	N.A.	0.1	N.C.	N.C.	(100.0)	N.C.
South Dakota	12.3	(16.6)	(93.2)	0.9	N.C.	82.6
Trust Territory	(9.8)	N.C.	N.C.	N.C.	N.C.	(9.8)
Virgin Islands	(7.6)	(51.0)	(51.4)	N.C.	N.C.	(78.0)
Wyoming	248.2	28.7	(79.3)	(5.8)	316.3	264.2
Sub-Total	29.9%	13.3%	1.5%	(5.5%)	(4.7%)	34.6%
Grand Total	7.5%	7.2%	1.3%	6.2%	9.6%	36.4%

Source: National Association of State Scholarship and Grant Programs,
14th Annual Survey, p. 153.

Despite ups and downs in the post-SSIG states, it is here that the 1979 College Board report concluded that the real impact of the SSIG program might be found. These were the states that established student grant programs at least partially in response to the federal program and were not for the most part overmatched in the 1970's, as Table 2 demonstrates. The present review of the situation in post-SSIG states reveals that there have been more incentives for them than for the pre-SSIG states in recent years, but that these incentives may be diminishing. Moreover, not all states have responded to the incentives that have existed.

The 1979 report noted that by 1977-78 the post-SSIG states were distributing \$23 million to students, only \$10 million of which was provided by the federal government as SSIG matching. Thus \$13 million annually in new state assistance had been made available by the creation of new state programs. In 1982-83 post-SSIG states expect to spend about \$47 million on need-based grants, most of it going to undergraduates. They expect to get about \$14 million of this in federal matching money from SSIG. Thus states are putting about \$20 million more annually from non-federal sources into their state grant programs than they were in 1977-78.

Some of this is certainly due to SSIG. Thirteen of the post-SSIG states are still essentially only evenly matched in their grant programs. (Even matching means here that federal funds account for between 46 and 50 percent of the state program, as reported on Table 2.) For these states, increases in the federal appropriation provide them with incentives to increase their own state spending. As Table 4 shows, federal appropriations did increase until 1979-80, when they reached \$76.75 million. Since that time, however, funds from Washington have either remained level or declined. Until they reached the point of matching their share of \$76.75 million, the evenly matched states continued to have an incentive to increase their spending on student grants.

Table 4: Annual Federal SSIG Appropriations

<u>Fiscal Year</u>	<u>To Be Spent in Academic Year</u>	<u>Amount (in Millions)</u>
1974	1974-75	\$19.00
1975	1975-76	\$20.00
1976	1976-77	\$44.00
1977	1977-78	\$60.00
1978	1978-79	\$63.75
1979	1979-80	\$76.75
1980	1980-81	\$76.75
1981	1981-82	\$76.75
1982	1982-83	\$73.68
1983	1983-84	\$60.00

SOURCE: U.S. Department of Education.

This point is only just being reached in a number of the post-SSIG states. Many of them have not responded fully to the federal incentive in the past and actually returned part of their SSIG allotments to Washington rather than appropriate sufficient state funds to match them. In 1979-80, nine post-SSIG states spent less than their full federal share. This number has been decreasing, however, until in 1982-83 the Department of Education anticipates that only one state (Alabama) will return SSIG dollars. This suggests that, while it took a long time, the federal incentive has finally pulled virtually all of the state programs up to at least a level where all federal dollars are being matched by the states to which they are originally distributed. The corollary of this accomplishment, however, is that these states no longer have any incentive to do more, since federal appropriations are not increasing.

The six post-SSIG states that were already overmatched in 1978-79 and the seven others that became overmatched by 1982-82 had of course already lost any federal incentive to increase their programs. In most of these states, growth continued for reasons other than the presence of SSIG matching money.

Three of the post-SSIG states (Alabama, Utah, and Wyoming) have gone from overmatching to even matching over the period 1978-79 to 1982-83. Alabama actually did away with state appropriations for grants altogether, and now relies on something called "alternative matching" for its state matching share. Under alternative matching, the Department of Education permits a state to collect student aid funds from institutions, match them with federal SSIG dollars, and return them to the schools for distribution to students approved by the state. A handful of states have used alternative matching at one time or another or for a part of their SSIG program, but Alabama is now employing the mechanism to withdraw state funds completely and still qualify for its share of federal dollars.

Finally, as in the 1979 College Board report, it should be noted that whatever incentive effects have existed in the post-SSIG states have been bought at a price. Sixty-two million dollars of the 1981-82 federal appropriation of \$77 million went to the overmatched pre-SSIG states, where they exerted little pressure to increase state spending. Another \$5 million went to post-SSIG states that were already overmatched in 1978-79.

In summary, then, many states have continued to increase their expenditures on student grants, but for reasons mostly apart from the existence of a federal incentive program. Few states had any real dollar incentive from SSIG to increase their spending after 1978-79. The handful that did have responded, bringing up their state effort to the point where they too will have no further reason to do more unless SSIG appropriations are increased. SSIG has not in the past kept overmatched states from cutting their efforts on occasion, though the next section will show that this is changing because of new rules enacted in 1980. As the 1979 report concluded, SSIG has created a climate favoring the expansion of student grant programs, even when such expansion was not strictly necessary to capture federal matching money, and it may have persuaded some states, even overmatched ones, to commit themselves to larger programs than they otherwise would have. But with declining federal appropriations, it gives neither overmatched nor evenly matched states tangible benefits, since expansion of their own grant programs will not increase their share of federal funds.

SSIG AND MAINTENANCE OF CURRENT STATE EFFORTS

Though SSIG has never been a particularly effective incentive to states to increase their student grant expenditures, it appears that it is becoming

increasingly important in insuring that current levels are maintained. This is true because of the coincidence of two events: the addition of a new maintenance-of-effort requirement for SSIG in the Education Amendments of 1980, and the emergence of serious fiscal problems in many states. Given the 1980 legislative change, it might be argued that SSIG now has a third purpose -- the maintenance of current state spending on student grants -- in addition to its original goals of encouraging the creation and expansion of state programs. Assessing the program in light of this new goal leads to different conclusions about the program's usefulness than were drawn in the previous section, when only SSIG's effectiveness in increasing state spending levels was considered.

The 1980 Education Amendments added a new provision stating that to qualify for federal SSIG matching, a state program must provide "for State expenditures under such program of an amount not less than the average annual aggregate expenditures for the preceding three fiscal years or the average annual expenditure per full-time equivalent student for such years."⁷ Such a requirement would have had little impact on the program in the 1970's, when annual increases in state spending were the norm, though the previous section suggested that it might have caused problems for a few states who did suffer annual decreases in program activity from time to time. But the requirement will be much more significant in the 1980's, when states are under severe fiscal pressure and budget cuts are becoming more common. In this climate, SSIG may play an important role in discouraging states from reducing their student grant efforts.

Table 5 shows a noticeable slowing in the annual growth rate of state grant programs after 1979-80. Increasingly the trend is to small annual increases or even declines in state spending, as contrasted to the relatively

Table 5: Annual Increases/Decreases in States Spending on
Comprehensive Undergraduate Need-Based Grants

<u>Changes Between Years</u>	<u>Increases 10% +</u>	<u>Number of States With</u>		<u>Decreases</u>
		<u>Increases 5-10%</u>	<u>Increases 0-5%</u>	
1977-78 to 1978-79	25	13	7	6
1978-79 to 1979-80	29	7	6	9
1979-80 to 1980-81	18	5	9	19
1980-81 to 1981-82	19	3	9	20
1981-82 to 1982-83	19	7	12	13

* SOURCE: National Association of State Scholarship and Grant Programs, 14th Annual Survey, p. 153.

large annual increments that characterized state programs earlier in the 1970's. With 37 of 50 states covered in a recent survey expected to show more expenditures than revenues in their government accounts for Fiscal Year 1982 without corrective action,⁸ it seems reasonable to expect pressures to cut student grant programs to mount in the years ahead unless economic conditions improve dramatically.

Under these circumstances, SSIG could be a significant prod to states to keep their grant programs at least level funded, since failure to do so threatens receipt of all the federal matching money. Ironically, though, Washington is requiring states to keep up their spending at the same time that federal appropriations are on the wane. (See Table 4.)

In fact, the reduction in federal matching money threatens to put some states in a "catch-22" situation in 1983-84. These states have laws authorizing state appropriations to match federal dollars, rather than more open-ended language simply authorizing expenditures on student grants. Thus, when federal appropriations fall, state appropriations will decrease in a similar fashion. When this happens, though, these states will no longer meet the maintenance of effort requirement, even though they may still be matching federal dollars on a one-for-one basis. The Department of Education is considering legislative and regulatory solutions to this problem. The situation is symptomatic, however, of SSIG. As the 1979 College Board study reported, the program has frequently experienced controversial attempts to impose federal requirements without a concomittant willingness in Washington to match the states' commitment to their grant programs.

THE EFFECTS OF ELIMINATING SSIG

For the past several years the Reagan Administration has favored elimination of the SSIG program. Its 1984 budget includes no funds for the

program, proposing instead to provide additional dollars for revamped Pell Grant and expanded Work-Study programs.

While this scheme might not result in a reduction in overall federal support of student aid programs, it will have a major impact on states, especially coming when state budgets are already severely strained. The extent of the problems states would face is detailed in responses to the most recent survey of the National Association of State Scholarship and Grant Programs (NASSGP).⁹

NASSGP asked state grant program directors how their states would respond to elimination of the SSIG program. Of 39 respondents, five said their state-level grant programs would disappear altogether. Another 25 said there would be no replacement of lost federal funds by their states. Only five said they thought some or all of the lost funds might be made up from state sources. Four respondents said they didn't know what the outcome would be in their states.

What would the effect of these changes be on students? The impact on SSIG recipients, who numbered over 278,000 of the 1.2 million recipients of state need-based grants in 1981-82,¹⁰ would vary from state to state. Most of the grant directors responding to the NASSGP survey felt that their states would drop students from their programs rather than reduce average awards if total available funds were reduced. A few, however, said they would make across-the-board reductions rather than eliminate recipients outright. This variability, coupled with incomplete survey responses, makes it difficult to estimate how many students nationwide would find their awards smaller or eliminated altogether. The significant thing to note, however, is that abolition of the federal SSIG program would remove at least \$60 million (the most recent federal appropriation) in federal matching dollars from state grant programs, with the likelihood small that any significant amount of this

money could be replaced from other sources. With need-based grants for undergraduates now averaging slightly over \$700 nationwide, this suggests that nearly 85,000 students would be affected if all states chose to cut the number of awards they make and more if some states reduced all grants proportionately.

FOOTNOTES

1. Higher Education Act, as amended, Title IV, Part A, Subpart 3.
2. Janet S. Hansen, The State Student Incentive Grant Program: An Assessment of the Record and Options for the Future (New York: College Entrance Examination Board, 1979).
3. "Summary of College Board Studies on the SSIG Program," prepared for the National Commission on Student Financial Assistance, February 22, 1983.
4. Hansen, p. 28.
5. Annual surveys of the National Association of State Scholarship and Grant Programs (NASSGP).
6. NASSGP, 14th Annual Survey, p. 25.
7. Higher Education Act, as amended, Title IV, Section 415C(b)(7).
8. National Governor's Association Office of Research and Development and National Association of State Budget Officers, Fiscal Survey of the States 1981-82 (Washington, D.C.: 1982).
9. NASSGP, 14th Annual Survey, pp. 144-147.
10. Figures provided by the U.S. Department of Education.